

# COMMERCIAL EGG PRODUCTION AGREEMENT

THIS AGREEMENT is made and entered into as of the <sup>15</sup>~~31~~ day of <sup>Dec.</sup>~~October~~ 2003 by and between Cal-Maine Foods, Inc. (Company) and Biggs 4 (Producer) with egg production facilities located in Washington County of the State of Arkansas, in Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_.

WHEREAS, Company and Producer desire to enter into an agreement whereby Producer, as an independent contractor, will receive and care for commercial egg production type hens of Company and produce eggs for Company pursuant to the terms hereof.

NOW, THEREFORE, in consideration of the mutual benefits herein contained, the parties agree:

1. This Agreement covers the economic life of one flock of layers consisting of approximately 64,000 birds which were housed in Producer's facility when such birds were approximately 15 to 22 weeks of age. The specific age at which birds were housed was at the discretion of Company. The parties agree that such birds were housed on or about \_\_\_\_\_.

The Company shall have no obligation to replace the flock of birds placed pursuant to this Agreement with any replacement flocks. It shall be the sole discretion of the Company to determine whether or not the birds placed pursuant to this Agreement shall be molted and, if the Company elects to molt such flock, the number of times molting shall be performed. Any agreement for a replacement flock, or flocks, must be in writing executed by the parties hereto. No representative of Company is authorized to modify or amend this Agreement in any manner except by written amendment hereto.

2. Producer agrees to receive, grow and properly care for the hereinbefore described flock of hens and to provide all labor, equipment, water, utilities and refrigerated facilities necessary for the proper growing and caring for such flock and the eggs produced therefrom. Producer's facilities will be maintained in such a manner that the driveways and loading docks will be adequate and sufficient to receiver vehicles necessary to service the Company's flocks and to pick up and receive the eggs produced thereby. Producer shall permit Company or its representatives to inspect the flock and the eggs produced therefrom as well as the Producer's facilities at any time. Producer agrees to maintain fly, rodent and pest control to the highest practical level at all times and to bear the cost thereof.

3. Producer agrees to be responsible for the proper clean up of Producer's facilities in accordance with generally accepted poultry husbandry practices and to comply with all applicable laws and regulations, including, but not limited to, rules and regulations promulgated by the Environmental Protection Agency and the agency of Producer's state responsible for disposal of waste and emissions, relative to the disposal of any and all waste products produced from Producer's facilities including, but not limited to, waste water run-off, manure and dead birds.

4. Company agrees to deliver to Producer, or cause to be delivered to Producer, the necessary feed for the proper feeding and maintenance of Company's poultry. In addition, Company will supply the necessary filler flats, cases, dollies, or pallets reasonably necessary for the packaging of Company's eggs for transport. In its sole discretion, Company may supply heaters and fuel to be used in Producer's facilities during the molt periods. Producer shall supervise the installation and operation of such heaters and shall be responsible for their proper use and maintenance. Producer agrees to keep an accurate daily record of bird mortality, ambient chicken house temperatures, egg cooler temperatures, level of egg production, sample bird weights, and water consumption on such charts or forms as may be supplied by Company, and to furnish Company with such charts or information thereon upon Company's request or in accordance with Company's schedule. In addition, it shall be the responsibility of Producer to keep a daily feed inventory and such other feed records as may be reasonably required by Company.

5. At all times, title to all birds delivered pursuant to this Agreement, the feed delivered by Company for the care and maintenance of such birds, and all eggs produced by or from such birds and all other items, supplies or material furnished by Company pursuant to this Agreement shall be and remain property of the Company. Producer acknowledges that the poultry to be cared for by Producer and all eggs produced therefrom, or any portion of either, are to be sold and/or processed by Company at such price or prices and at such time as Company shall in its sole discretion determine. Producer agrees to surrender and deliver up possession to the Company any and all feed and supplies not used solely for such poultry, either when requested by Company or when such poultry is removed from Producer's premises. Further, Producer agrees that any and all feed and other supplies furnished to Producer by Company pursuant to the terms hereof shall be exclusively used for the feeding and care of the chickens delivered by Company pursuant to this Agreement, and no portion of such feed shall be sold, fed to other poultry or livestock, or disposed of in any other manner whatsoever. Producer agrees to indemnify and hold Company harmless from and against any loss, cost or damage which may result from the unexplained or mysterious disappearance of any of Company's property in the care and custody of Producer including, but not limited to, poultry, eggs, feed, medication, supplies or packaging materials.

6. Producer agrees to conspicuously display a sign or appropriate placard evidencing that the poultry placed pursuant to this Agreement and the eggs produced from such poultry are the sole and exclusive property of Company. If so requested by Company, Producer agrees to execute and deliver appropriate UCC filing statements to evidence ownership of the aforesaid poultry by Company.

7. Producer acknowledges that in performing his obligations pursuant to this Agreement, he is functioning as an independent contractor and is not subject to the control and direction of Company. Therefore, Producer agrees to forever indemnify, defend and hold Company harmless from and against any and all claims, losses, damages or liabilities of any nature for injuries to persons or damage to property, or for violation of any law or regulation which arise out of or result from Producer's acts or omissions in Producer's discharge of its obligations hereunder.

8. In respect of the discharge of its duties pursuant to this Agreement, Producer is and shall at all times remain an independent contractor and is not the agent, servant or employee or joint venturer of or joint venturer with the Company. Producer shall have no authority to speak for, obligate or in any manner incur any obligations for, on behalf of or in the name of the Company. Producer is solely responsible for the hiring, employment, compensation, and supervision of any person employed by him in the performance and discharge of his duties hereunder and for the payment of all taxes or withholding in relation thereto.

**Exhibit C**

CM- 000001381

9. For all services rendered by Producer hereunder, Company agrees to pay Producer in accordance with the schedule set forth on Exhibit 1 hereto.

10. If in the judgment of Company, Producer fails to properly care for and maintain the birds of Company placed in Producer's care and custody pursuant to this Agreement, the eggs produced by such birds, or feed or other property of Company held by Producer, or if Producer otherwise breaches the terms and conditions of the Agreement, then this Agreement may be terminated at any time at the discretion of Company. In the event of such termination, Company may take possession of the hereinbefore described poultry, eggs, or any other property of Company located on Producer's premises. For the purpose of exercising all rights granted hereunder, Company is granted and shall at all times have full and free right of ingress and egress to the facilities of Producer where Company's flocks are located. In the event of the breach of this Agreement by Producer, if Company deems it necessary to complete a production period for said flock then in progress, Company shall have the right of use of such facilities until the economic life of such flock expires. During such period of use, Company shall be solely responsible for the care, custody and control of its flocks.

In the event of a breach of any of the terms or conditions of this Agreement by Producer, Producer, as partial damages to which Company is entitled, shall forfeit any and all claims for labor, use of equipment, and supplies and waives Producer's right to payment to any sum then due and owing hereunder.

11. Producer agrees that in the event Company exercises its right to obtain possession of its poultry pursuant to the terms hereof as a result of the breach by or other nonperformance of Producer under the terms of this Agreement, Producer expressly waives and releases any liens or right to liens against property of Company which Producer may have or hold, including the right of possession.

12. WHILE COMPANY WILL EXERT ITS BEST EFFORTS TO DELIVER FLOCKS OF HENS SUITABLE FOR COMMERCIAL EGG PRODUCTION TO PRODUCER, COMPANY MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF OR THE POTENTIAL PERFORMANCE OF OR QUALITY OF THE POULTRY DELIVERED TO PRODUCER. FURTHER, COMPANY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE POULTRY FOR ANY PARTICULAR PURPOSE OR ANY OTHER REPRESENTATION OR WARRANTY OF ANY NATURE.

13. Neither this Agreement, nor any of the rights, interests, or obligations hereunder may be assigned by the Producer, except as agreed upon by Company in writing.

14. All notices, requests, demand and other communications hereunder shall be deemed to have been duly given if the same shall be in writing and shall be delivered personally or sent by registered or certified mail, postage prepaid, and addressed as set forth below:

- a. If to Company: Cal-Maine Foods, Inc.  
P.O. Box 40  
Lincoln, AR 72744
- b. If to Producer: 18641 Nutmeg RD  
Lincoln, AR 72744

Any party hereto may change the address to which notices are to be addressed by giving the other party notice in the manner herein set forth.

15. This Agreement shall be governed and construed by and in accordance with Laws of the State of Mississippi. In the event any litigation arises or results from this Agreement, the parties agree to submit to the jurisdiction of the State or Federal courts of the First Judicial District of Hinds County, Mississippi, and each respectively waives any objection to such jurisdiction or venue.

16. This Agreement shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns.

17. THIS CONTRACT REPRESENTS THE ENTIRE AGREEMENT BETWEEN THE PARTIES, AND NO COVENANTS, WARRANTIES (EXPRESS OR IMPLIED), CONDITIONS OR REPRESENTATIONS SHALL BE BINDING ON THE PARTIES UNLESS EXPRESSLY SET OUT HEREIN, THIS AGREEMENT SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS WHATSOEVER, ORAL OR WRITTEN.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date aforesaid.

CAL-MAINE FOODS, INC.  
BY: \_\_\_\_\_

COMPANY

Biggs Farms

PRODUCER

Social Security Number \_\_\_\_\_

CM- 000001382

## EXHIBIT 1 – LINCOLN, ARKANSAS

A. FIRST CYCLE BASE PAY:

Company will pay Producer for it's services at a base rate of eight (\$.08) cents per dozen for marketable eggs produced (not including 1% Loss) payable once per month, by the 15<sup>th</sup> day of the following month.

B. MOLT CARE PAY:

During molting periods Company will pay Producer seven and one half (\$.075) cents per capacity. Molt care is payable once during molt.

C. SECOND OR MORE CYCLE PAY:

Company will pay Producer eight and fifty hundreds (\$.0850) cents per dozen marketable eggs produced (not including 1% Loss) payable once per month, by the 15<sup>th</sup> day of the following month.

D. GRADE A:

If Grade A drops below standards of same age in Cal-Maine current flock for reasons controlled by the Producer, Cal-Maine has the option to reduce contract payment by up to one (\$.01) cent per dozen for eggs produced until farm problems are solved.

E. PULLET GROW-OUT PAY:

In the event Producer and Owner agree to grow replacement stock in Producer's premises each shall provide the service, goods, and materials heretofore agreed upon and Owner shall pay Producer one and one-half (\$.015) per bird per week until flock reaches an average age of 20 weeks, at which time Producer shall be paid as outlined in Paragraph A above.

F. CASING EGGS:

At time owner might require Producer to pack eggs in cases provided by Owner. If this should occur pay will be the same as set forth above.

G. BONUS PAY:

Company will pay Producer Bonus Pay based on the following Schedule:

First Cycle		Second	
Feed/Dozen		More Cycle	
<u>20-65 Weeks</u>	<u>Cents/Dz</u>	<u>Feed/Dozen**</u>	<u>Cents/Dz</u>
3.36 & Over	.00	3.62 & Over	.00
3.26 to under 3.36	.25	3.52 to under 3.62	.25
3.15 to under 3.26	.50	3.41 to under 3.52	.50
2.99 to under 3.15	.75	3.26 to under 3.41	.75
Below 2.99	1.00	Below 3.26	1.00

\*\*Feed/Dozen based on feed from the 43<sup>rd</sup> day after the first day of fast through sale date.

\*\*Feed/Dozen on any molt other than at 65 weeks of age will be prorated and sale at any other age than 105 will be prorated.

PRODUCER

*Beggs Farms Paul Beggs*

COMPANY

*Cal-Maine Foods*

DATE *11-3-03*